

Cash Flow Issues

Legislative Oversight Committee for Mental Health,
Developmental Disabilities and Substance Abuse Services

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Cash Flow – Department Level

- State Level Cash Flow
 - FY2004-2005, Departments received monthly allotments (held to 1/12th) to operate departments
 - IPRS payments were not held to 1/12th allotments
 - Non-UCR payments were held due to cash flow levels
 - Division had to hold LME's administrative management payments at times due to cash availability
 - FY2005-2006, Departments receive quarterly allotments (1/4th of their budget each quarter) to operate departments; therefore, no withholding of payments to LME's due to cash flow issues
 - Legislative pay increases impact cash flow within DMH/DD/SAS

IPRS Payment Process

- Every week there is an electronics systems payment generated from the automated system (every 8-12 weeks there is one week's delay)
- Only LME's may bill through IPRS, providers cannot bill through the system
- Claims are checked automatically against the LME's availability of the services budget and funds are sent electronically

LME Cash Flow Issues

- Some LME's may pay providers up-front for services to be provided
- Non-UCR payments; costs must be incurred first then reimbursement is made
- LME may use reserves or fund balances until payments are made for some services

Provider Cash Flow Issues

- Prompt payment impacts providers' cash
 - Payment delays can cause agencies major problems with their own payroll
 - Provider bills LME, LME bills EDS/Medicaid or IPRS; IPRS & EDS pay LME; LME pays provider
- Authorizations of services; service cannot be billed until authorization is confirmed in the electronic system

Provider Cash Flow Issues

- Several ways in which LME's provide claims processing and contracting with providers
 - Must receive the EOB from third party payor before claim is generated and then bill for the difference of insurance payment and Medicaid rate
 - Some LME's will not pay for individuals who have other insurance that pays (ie. SEHP, Medicare); state dollars are only used for patients w/o any other payment source
 - Some LME's contract with providers and agree to pay a negotiated rate for services, regardless of the patient status with other insurance payors, and allows the provider to bill for reimbursement from the other payors for that service.
- The documentation required by Providers may vary among LME's

Suggestions

- Standardize the claims processing for all LME's and providers
- Standardize LME's required documentation by providers
- Define perimeters for maximizing state funds through contracting